

This document is an unofficial translation of the corresponding Swedish document. In the event of any discrepancies between the text contained in this document and the Swedish document, the latter shall prevail.

REMUNERATION POLICY

This remuneration policy covers salary and other terms for the management of KappAhl AB (publ) (“KappAhl”), including salary and terms for the managing director, (below jointly referred to as “Management Persons”).

This remuneration policy shall apply to any agreement entered into and any amendment to existing agreements with Management Persons after the policy has been established by the annual shareholders’ meeting.

1. Fundamental principle

Salary and other employment terms and conditions shall enable KappAhl to attract and retain competent Management Persons.

2. Fixed salary

Management Persons shall be offered a market level fixed salary based on the employee’s responsibilities and behavior. Salary shall be established for calendar year periods.

3. Bonuses etc

Management Persons may from time to time be offered bonuses. Such bonuses may not exceed fifty per cent of the fixed salary. Bonuses may on the initiative of a Management Person, before the bonus is disposable, be converted into extra pension provision payment, through so called salary reduction plan.

Bonuses shall primary be based on the operating profit (EBIT), or in exceptional cases as for the rest measurable criteria’s, of the KappAhl Group and shall be established per each financial year.

The Board of Directors and the Remuneration Committee shall annually assess if some form of share-related incentive program shall be presented to the annual shareholders’ meeting.

4. Non-monetary benefits

Management Persons are entitled to extra health insurance as well as all benefits enjoyed by other employees of the Group.

5. Pension

In addition to what is agreed in collective agreements and other agreement, Management Persons are entitled to arrange individual pension schemes. Relinquished salaries and bonuses can be used for increased pension provisions, provided that the total cost for KappAhl is unchanged over time.

Notice of termination etc.

Management Persons and KappAhl must mutually observe a period of six months' notice of termination. At termination of employment for the Chief Executive Officer from the employer, an unchanged salary for six months and severance payment equal to eighteen months is paid, less wages in other employment.

6. Preparations and decision-making of the Board of Directors

The Remuneration Committee shall give recommendations to the Board of Directors.

The Remuneration Committee proposes and the Board of Directors makes decisions relating to the managing director's salary as well as his other employment terms and conditions. The Remuneration Committee makes decisions relating to salaries and other employment terms and conditions for other Management Persons.

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